# FISCAL NOTE

# HB 2573 - SB 2564

February 15, 2016

**SUMMARY OF BILL:**    Renames the Postsecondary Education Act of 1974 (PEA), the Tennessee Higher Education Authorization Act (THEAA) of 2016, and makes several changes to the THEAA including but not limited to requiring THEC to reexamine the regulatory function of the Commission with regard to its effectiveness, efficiency, and adequacy; requiring the THEC Executive Director to adopt new policies and fees for THEC authorizations of postsecondary education institutions; and setting forth a  new expedited authorization process for certain institutions.  All new authorization fees shall be flat fees, with the exception of renewal fees, and shall be posted on the THEC website.

## ESTIMATED FISCAL IMPACT:

**Decrease State Revenue - $1,100,000/THEC**

**Decrease State Expenditures - $1,100,000/THEC**

Assumptions:

- Based on the information provided by THEC, $2,200,000 in state revenue is currently received from propriety schools regulated by the Postsecondary Education Authorization Act of 1974.
- THEC will revise its fee structure so that private postsecondary institutions that are required to be authorized by the state will pay less authorization and renewal fees. The new fee structure has not yet been set by THEC.
- THEC indicates that the new fee structure will result in a recurring decrease in state revenue collected from authorization fees and a like decrease in state expenditures relative to THEC's Postsecondary Authorization Division.
- Based on information received from THEC, the Commission's revenue from postsecondary authorization fees will be reduced by approximately $1,100,000 per year beginning in FY16-17.  As a result, THEC will reduce recurring expenditures by a like amount to the Postsecondary Authorization Division.

## CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

*Krista M. Lee*

Krista M. Lee, Executive Director

/rbp